

**MS-264 Report Supplement**  
**CHARACTERISTICS OF MEDICAID BENEFICIARIES**  
**January 2006**

This report is a supplement to the MS-264, MEDICAID SERVICES IN KENTUCKY, for recipients *eligible* for Title XIX, Medicaid. Such eligible recipients are displayed in this report by age group, race, sex, and status (adult or child) for each eligibility category. The Aid to Families with Dependent Children (AFDC) and MA Families with Dependent Children (MAC) categories are displayed by specific eligibility criteria, i.e., Basic; Death, Absence, or Incapacity of Parent; Unemployment, Foster Care, etc. Children's ages are shown for each year rather than by groups. For convenience, eligibility category definitions are repeated in this cover as follows:

**Eligibility Criteria:** Persons receiving a money payment for subsistence needs are automatically eligible for Medicaid and are designated as Categorically Needy. Such persons are AFDC children/adults and SSI/SS aged, blind, and disabled recipients. Qualified Medicare Beneficiaries (QMBs) not previously eligible for Medicaid are designated as Other Needy. Other eligible persons are designated as Medically Needy.

**Categorically Needy Eligibles:** Money payment programs are Supplemental Security Income (SSI), State Supplementation (SS), Aid to Families with Dependent Children (AFDC), and AFDC-Foster Care. SSI is administered by the U.S. Social Security Administration (SSA). AFDC, AFDC-Foster Care and SS are administered by the Kentucky Department for Community Based Services.

**Aid to Aged, Blind, and Disabled (ABD); Supplemental Security Income (SSI); and State Supplementation to ABD (SS):** Title I of the Social Security Act established subsistence payments to the aged which were implemented August 1936 with federal/state funding. Aid to Blind and Aid to Permanently and Totally Disabled were established under SSA and implemented in Kentucky in December 1942 and September 1956, respectively. Subsequently, SSA combined AABD into one program under Title XVI. The 1972 Social Security Amendments mandated the SSA to assume the Title XVI, Aid to Aged, Blind, or Disabled. This program as implemented by SSA in January 1974 is known as Supplemental Security Income (SSI) and is supported by all federal monies. The law also mandated states to supplement from all state monies any difference between a SSI payment and the prior AABD payment for persons who were receiving Title XVI on December 31, 1973; hence, "State Supplementation." In Kentucky State Supplementation is directed primarily to aged, blind, or disabled persons residing in personal care homes, family care homes, or persons needing a "caretaker" in their own homes to prevent institutionalization.

**Aid to Families with Dependent Children (AFDC):** Established under Title IV-A of the Social Security Act of 1936, the AFDC federal/state funded money payment program provides for the basic subsistence needs of children who are deprived of parental support or care due to death, continued absence, physical or mental incapacity of parent, and (at state's option and/or fiscal capability) unemployment of parent. In addition, assistance is available for eligible children needing placement in foster care upon judicial finding that the home is not conducive to the child's well-being until such time as the home setting is improved and the child can be returned. On October 1, 1942, Kentucky implemented AFDC for children deprived due to death, absence, or incapacity of parents and on February 1, 1964, expanded the program to include Foster Care. The money payment unemployed parents (father) segment (AFDC-UP) was in effect in Kentucky from July 1975 through July 1977. Subsequent amendments designated selected groups as categorically needy and consequently eligible for Medicaid. Such groups are: (1) AFDC cases with money payments discontinued due to increased earnings retain Medicaid eligibility for four months--implemented May 1974; (2) AFDC recipients eligible for less than \$10 but due to OBRA 1998 do not receive payment--implemented February 1982; (3) children eligible for foster care or adoption assistance under title IV-E of the Adoption Assistance and Child Welfare Act of 1980--implemented July 1982; and (4) recipients with AFDC suspended for one month but retaining Medicaid eligibility--implemented October 1984. The AFDC program became Kentucky Transitional Assistance Program (KTAP) effective July 16, 1996, under the Welfare Reform Act. Under Section 1931 of the Social Security Act, Medicaid is required to cover those individuals who would be eligible for AFDC, using the guidelines in effective July 16, 1996.

**Medically Needy Eligibles:** Under Title XIX the 1965 amendments allowed for expansion of the program to persons other than the aged who were not in receipt of money payments for subsistence needs, i.e., *medically needy only* persons. Eligibility criteria parallel the categorically needy except for income. As implemented in July 1966 (the effective date of the amendment), Kentucky's Medically Only Program extended coverage beyond the basic categorical groups of aged, blind, and disabled and families with dependent children deprived due to death, absence, or incapacity of parent, to the medically indigent families with children of unemployed parents and also for the "unborn" child, two segments not receiving money payments in Kentucky.

Effective April 1973 eligibility policy was implemented to discontinue MA only cases with no on-going medical needs, thereby eliminating the administrative burden of eligibility caseloads prior to medical necessity. Eligibility for cases with continuing medical needs determined quarterly as excess income is "spent down" to required level.

Effective July 1973 federal regulations restricted the definition of unemployment to specified time-related labor market attachments. Concurrent with this action, Kentucky elected to cover persons meeting the eligibility criteria for special groups of children and thereby retained coverage for "children only in families with unemployed parent(s)" with a less restrictive work history. This segment was discontinued October 1, 1981, for cost containment purposes. In February 1974 the Medical Only Program was expanded to cover a special group of children who are patients in psychiatric hospitals.

The Deficit Reduction Act of 1984 (DEFRA) requires that children in intact families (deprivation factor not required) who were born after September 30, 1983, and have not reached age 5 will be eligible for Medicaid if the income and resource standard for AFDC is met, *not eligible for AFDC money payment*. Medicaid coverage for such children was implemented October 1984. In January 1985 Kentucky voluntarily extended this coverage to such children meeting the higher Medicaid standard. In January 1985 Kentucky also extended coverage to include pregnant women in intact families with the above resource limits. In July 1987 Kentucky extended coverage to children in MAC Intact Families to age 18.

Effective June 1987 recipients in long-term care for 30 full consecutive days and income not to exceed 300% of the SSI standard were designated as categorically needy recipients, thereby not requiring spend-down eligibility criteria.

The Omnibus Budget Reconciliation Act of 1986 (OBRA) provided for an optional (categorical) program to cover pregnant women and children in intact families with income below the poverty level and meeting required resource standards. Effective October 1987 Kentucky implemented the program covering pregnant women and children up to age 1 with income below 125% of poverty. Effective April 1, 1990, in accordance with OBRA of 1989, Kentucky began covering pregnant women and children up to age 6 with incomes below 133% of the poverty level. Effective July 1, 1990, Kentucky began covering pregnant women and children up to age 1 with incomes below 185% of the poverty level.

On July 1, 1998, implementation began of Kentucky Children's Health Insurance Program (KCHIP) – Phase I includes children up to age 19 whose family income is under 100% of poverty, Phase II includes children up to age 19 whose family income is under 150% of poverty, and Phase III includes children up to age 19 whose family income is under 200% of poverty. Phases I & II are an expansion of the existing Medicaid program and Phase III is a Medicaid lookalike program. Phase III children receive the same benefits as Medicaid except for Non-Emergency Medical Transportation (NEMT) and EPSDT Special Services.

**Other Needy Eligibles:** The Medicare Catastrophic Care Act of 1988 mandated the coverage of Qualified Medicare Beneficiaries (QMBs) with income and resources meeting poverty related criteria. Kentucky implemented the program effective January 1989. The Act mandates that Medicare premiums, coinsurance, and deductibles are Medicaid covered services for the QMB population which includes existing Medicaid eligibles with Medicare coverage and persons who become Medicaid eligible under this Act.

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